

Message Text

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73

ACTION EUR-25

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

USIA-15 DRC-01 /174 W

----- 087710

R 132252Z MAR 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2942

UNCLAS OTTAWA 0732

POUCHED ALL CONSULATES IN CANADA

E.O. 11652: N/A

TAGS: ENRG CA

SUBJECT: ENERGY: POST-FREEZE OIL PRICES

1. TORONTO GLOBE AND MAIL OF MARCH 13 REPORTS ENERGY MINISTER MACDONALD INDICATED IN MARCH 12 INTERVIEW OUTSIDE HOUSE OF COMMONS THAT GOC IS CONSIDERING RAISING DOMESTIC CRUDE OIL PRICE TO ABOUT \$6 PER BARREL FOR TEMPORARY PERIOD OF TIME EFFECTIVE APRIL 1. THIS ACTION APPARENTLY WOULD BE TAKEN IN LIKELY EVENT THAT GOC AND OIL-PRODUCING PROVINCES ARE UNABLE TO REACH AGREEMENT ON THE OIL PRICE ISSUE BY MARCH 31 WHEN THE FREEZE AT \$4 PER BARREL IS SCHEDULED TO END. THE \$6 PRICE WOULD THEN BE MAINTAINED WHILE THE GOC WORKS OUT DETAILS ON INDUSTRIAL DEVELOPMENT PROJECTS WHICH ALBERTA AND SASKATCHEWAN REPORTEDLY WANT IN RETURN FOR A SINGLE DOMESTIC OIL PRICE BELOW THE WORLD PRICE.

2. NEWS ARTICLE ALSO REPORTS THAT MACDONALD STRESSED IN SUBSEQUENT INTERVIEW THAT OTTAWA NOT REPEAT NOT CONSIDERING EXTENSION OF CURRENT FREEZE BEYOND MARCH 31.

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GLOBE AND MAIL SPECULATES THAT OTTAWA IS ULTIMATELY

PREPARED TO COMPROMISE WITH THE PRODUCING PROVINCES BY
ALLOWING THE PRICE TO CLIMB TO \$7 OR EVEN \$8 PER
BARREL WITHIN A MATTER OF MONTHS RATHER THAN OVER A
PERIAH OF SEVERAL YEARS AS ORIGINALLY SUGGESTED BY
MACDONALD AT THE JANUARY FEDERAL-PROVINCIAL ENERGY
CONFERENCE.
PORTER

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Draft Date: 13 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1974/newtext/t19740347/aaaabrtd.tel
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30 JUN 2005

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TAGS: ENRG, CA, (MACDONALD)
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